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New 20 June 57
NSC mem
164481
#2
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June 19, 1957 DRAFT

MEMORANDUM FOR: The President

SUBJECT: Further Application of "New Look" to U. S. Defense Effort Overseas.

1. The National Security Council discussion on June 13, 1957, relative to U. S. policy toward Korea indicated urgent need for U. S. action to reduce the mounting costs of our total defense effort.

2. Whereas reductions should be made among the various elements of the total defense effort so that domestic and foreign programs be kept in proper balance, the Council discussion on Korea focused attention on reductions in the U. S. defense effort overseas. The greatly increased power of modern weapons contributes to the feasibility of such reductions.

3. The Council discussion, giving fresh emphasis to the President's concept of the "New Look" in our overseas defense programs, included (a) redeploying more U. S. forces from overseas toward the U. S., (b) reducing overseas indigenous forces supported by U. S. military assistance, and (c) persuading our allies to place more reliance on our retaliatory capability to protect them from attack.

4. The Planning Board could provide necessary staff work as the basis for decisions under this policy development. The Planning Board could prepare for Council consideration alternative courses of action, together with estimates of their effects. Such Planning Board action would take account of the following:

- a. A report to be made by Frank Nash on U. S. bases and facilities overseas;
- b. The forthcoming Council review of the overall status of U. S. ballistic and non-ballistic missiles programs;
- c. Consideration of the NATO area after the German elections;
- d. Consideration of the Near East area upon specific later authorization.

5. The Planning Board could, however, proceed immediately to a comprehensive consideration of existing policy on the Far East,

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with a view to recommending how, when, and where U. S. forces deployed in that area and indigenous foreign forces in that area supported by U. S. military assistance might be reduced, on the basis of greater reliance on U. S. retaliatory power as a deterrent; thereby making improvements possible in the economies of the countries concerned. Such a Far East review would take into account:

a. Results of Ambassador MacArthur's study of the situation in Japan, the current Defense study of the reduction of U. S. military forces stationed in Japan, and the outcome of Prime Minister Kishi's visit.

b. Further developments regarding the Korean situation as a result of last week's Council action.

c. The current OCB Progress Report on Formosa.

6. Such a review of Far East policy could develop broad principles to be tested out by application to specific countries in order to obtain an estimate of the political, military, economic, and psychological effects.

7. Following the completion of such Far East review, the Council could determine to what extent the principles developed for that area could be applied to other areas, such as NATO and the Near East. We should have in mind at all times the danger of taking action in one area which would create an imbalance between the U. S. defense effort in that area and such efforts in other regions of the world.

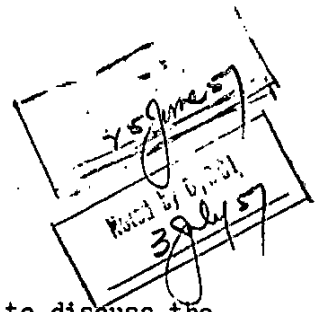
R. C.

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25 June 1957

MEMORANDUM FOR: Mr. Dulles

SUBJECT : Mr. Cutler's Memo on "New Look"



1. I have been led to believe that the NSC will be asked to discuss the procedural rather than the ^{SUBSTANTIVE} ~~organizational~~ aspects of Mr. Cutler's memo to the President.

2. The following may be of assistance to you in commenting on Mr. Cutler's proposals:

a. The proposal to begin this examination in the Far East makes good sense from an intelligence point of view.

b. There is no NIE in existence or planned on the general subject of the consequences of a general reduction of US forces or US support of indigenous forces in the Far East.

c. A generalized SNIE on this subject could be written which would be of some value despite the difficulty of pinpointing it to specific courses of action that might be considered.

d. Such an NIE would be of considerable assistance in the subsequent drafting by State or the Planning Board of an alternative type paper on the recent Korean model.

e. Every effort should be made to avoid repetition of the recent Prochnow exercise. Such a country by country approach prevented an over-all look at the whole problem and was in large measure responsible for the failure of that exercise to result in a critical reappraisal of our policy.

W. O. Webb
W. O. WEBB
Assistant to DD/I (NSC)

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